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US corporations cash in on Ukraine's oil and gas

As Ukraine sells off public assets in a privatization spree, US fossil fuel corporations like ExxonMobil, Chevron, and Halliburton are in talks to run its oil and gas industry, and the IMF is imposing the Washington Consensus.

By Ben Norton Published 2023-04-28

Ukraine's Volodymyr Zelensky meets with US President Joe Biden in Kiev on February 20, 2023

(Se puede leer esta nota en español aquí.)

As the war in Ukraine drags on, the government is selling off state assets in a big privatization spree.

US fossil fuel corporations like ExxonMobil, Chevron, and Halliburton are participating in discussions to take over the Eastern European nation's oil and gas industry, as Kiev pushes to increase production to replace Russian energy exports.

This comes soon after Ukraine's Western-backed leader, Volodymyr Zelensky, sent a friendly video message to a US corporate lobby group, thanking companies like BlackRock, JP Morgan, Goldman Sachs, and Starlink, and promising "big business" for others.

In September, Zelensky also symbolically opened the New York Stock Exchange, announcing that his country is "open for business", offering more than $400 billion in "public-private partnerships, privatization, and private ventures" for US companies.

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U.S. CORPORATIONS CASH IN ON UKRAINE
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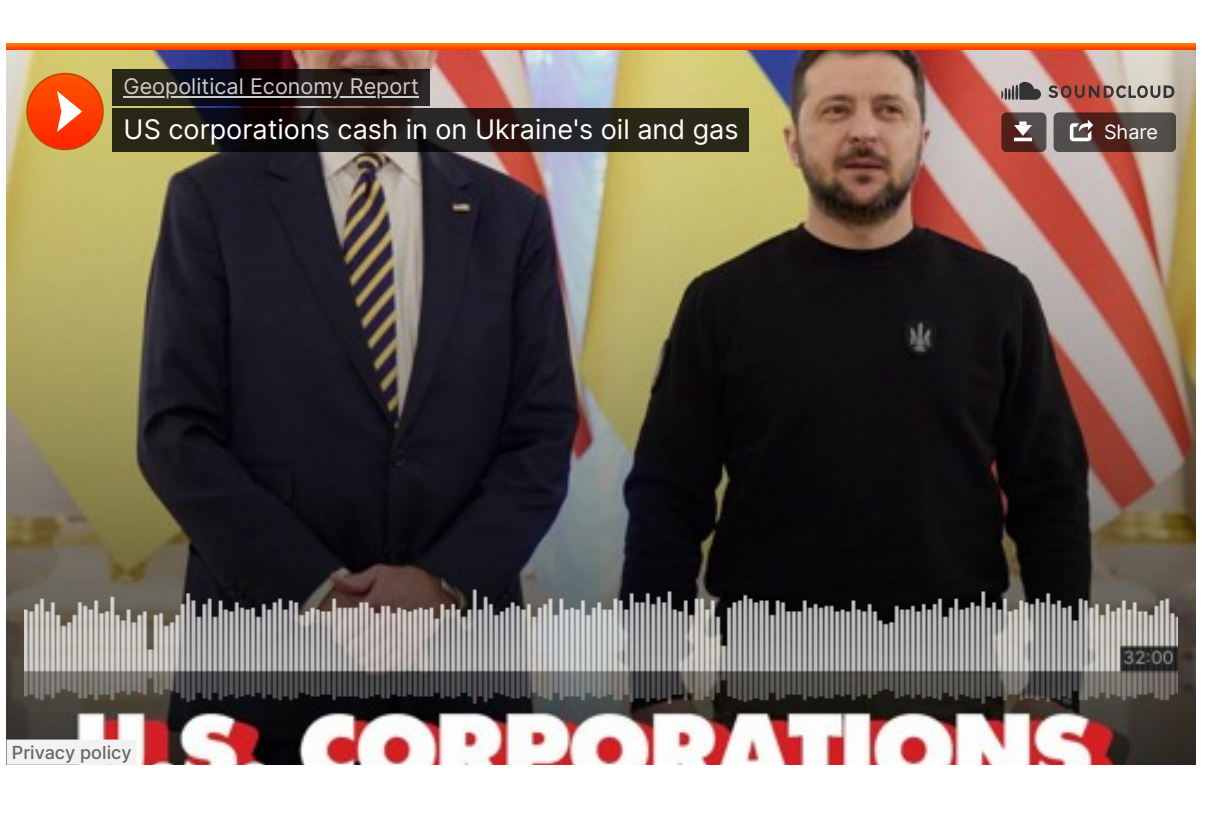
The Ukrainian government has used the war as an excuse to ram through some of the most aggressive anti-worker laws on Earth.

The director of the Kiev-based workers' rights NGO Labor Initiatives warned of a "full-scale attack on Ukraine's labour rights", writing in a German government-funded journal that the "war cannot be used to justify stripping workers of their rights".

In an attempt to bring an end to this war, China has taken the lead in advocating peace talks. Brazil's President Lula da Silva has backed Beijing's efforts.

The West, on the other hand, has vociferously opposed all attempts at diplomatic negotiations and instead pushed to escalate the NATO proxy war on Russia, sending fighter jets and tanks to Kiev.

Ukrainian officials, meanwhile, are treating their country as a for-profit company, frequently travelling to the United States in search of lucrative business opportunities.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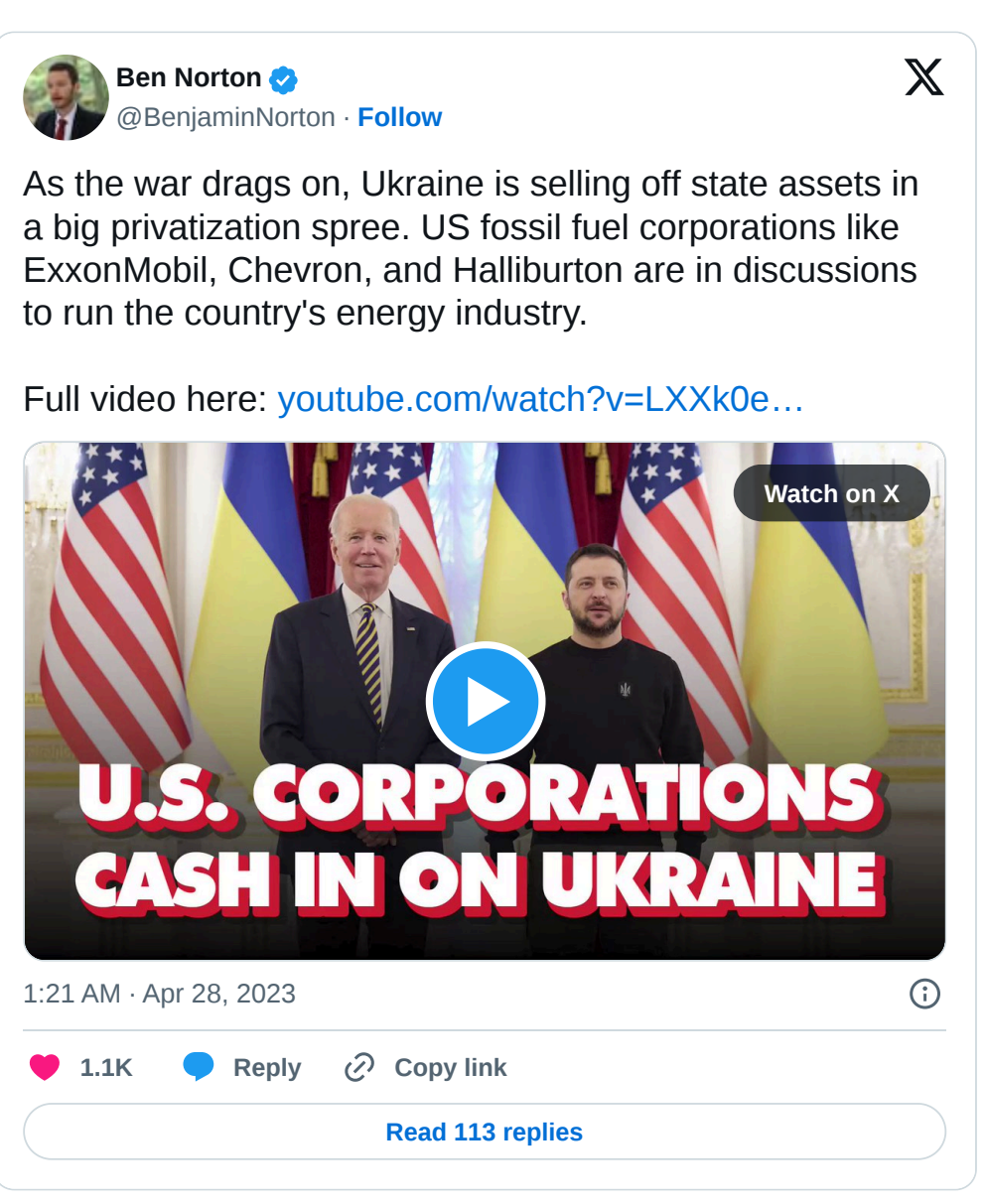
Ukraine's state energy company Naftogaz woos US corporations, like Iraq War profiteer Halliburton

The CEO of Ukraine's state-owned energy company Naftogaz, Oleksiy Chernyshov, flew to Washington, DC this April to meet with US political and corporate officials.

The Financial Times reported that Chernyshov sat down with representatives from ExxonMobil and Halliburton, following a similar meeting with Chevron in January.

"The negotiations with big US fossil fuel players are part of a strategic push to increase natural gas production that Ukrainian officials believe could help replace Russian supply to Europe in the years ahead", the newspaper wrote.



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As the war drags on, Ukraine is selling off state assets in a big privatization spree. US fossil fuel corporations like ExxonMobil, Chevron, and Halliburton are in discussions to run the country's energy industry.

Full video here: youtube.com/watch?v=LXXk0e…

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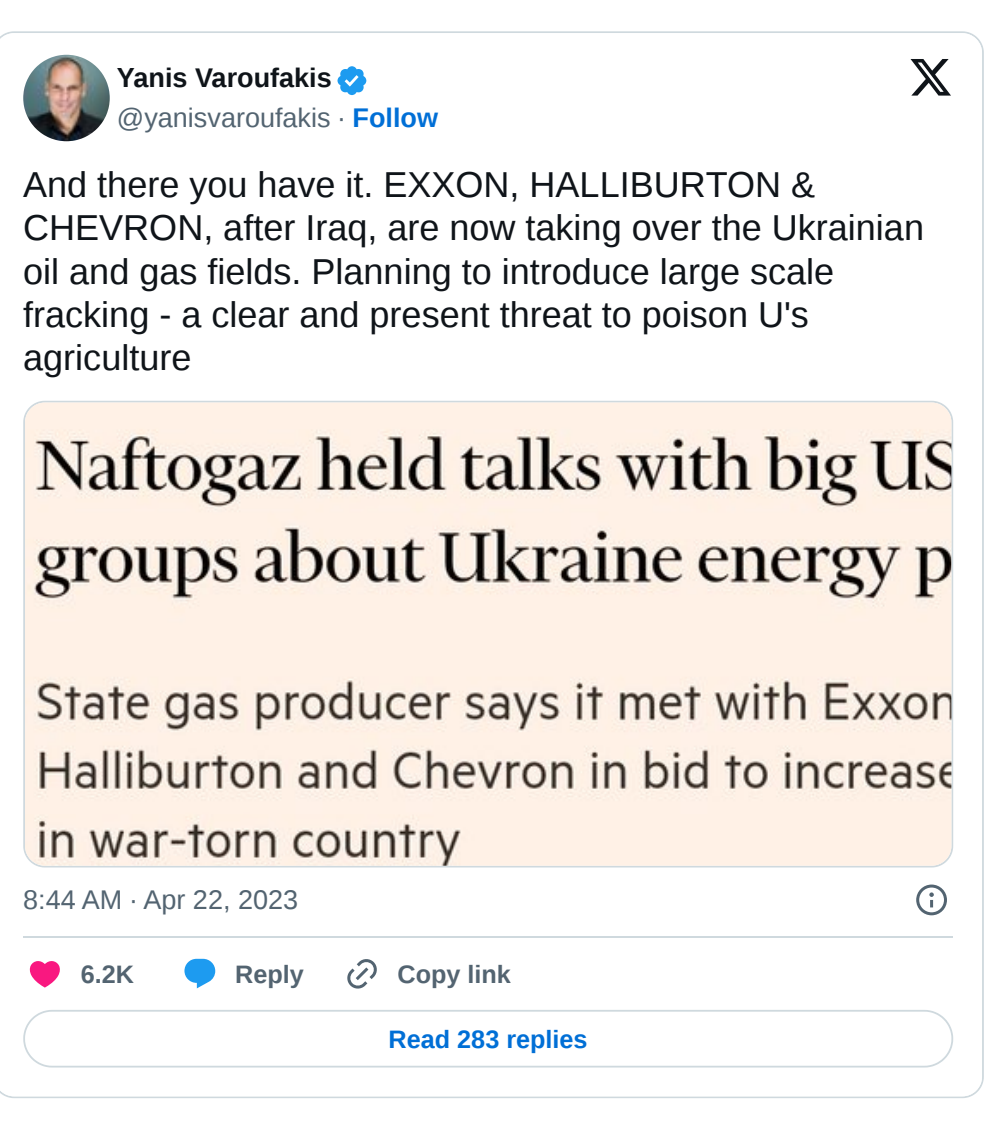
Halliburton is notorious for its involvement in corruption schemes, involving fat government contracts. In 2017, it was fined $29.2 million by the US Securities and Exchange Commission for violating the Foreign Corrupt Practices Act with highly profitable oilfield services contracts in Angola.

Halliburton is also the world's biggest provider of fracking services, or hydraulic fracturing, a controversial form of gas extraction that is so environmentally destructive it was banned in the United Kingdom.

Responding to the Financial Times report, economist Yanis Varoufakis, who previously served as Greece's minister of finance, tweeted: "And there you have it. EXXON, HALLIBURTON & CHEVRON, after Iraq, are now taking over the Ukrainian oil and gas fields. Planning to introduce large scale fracking – a clear and present threat to poison U's agriculture".



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And there you have it. EXXON, HALLIBURTON & CHEVRON, after Iraq, are now taking over the Ukrainian oil and gas fields. Planning to introduce large scale fracking - a clear and present threat to poison U's agriculture

Naftogaz held talks with big US groups about Ukraine energy p

State gas producer says it met with Exxon Halliburton and Chevron in bid to increase in war-torn country

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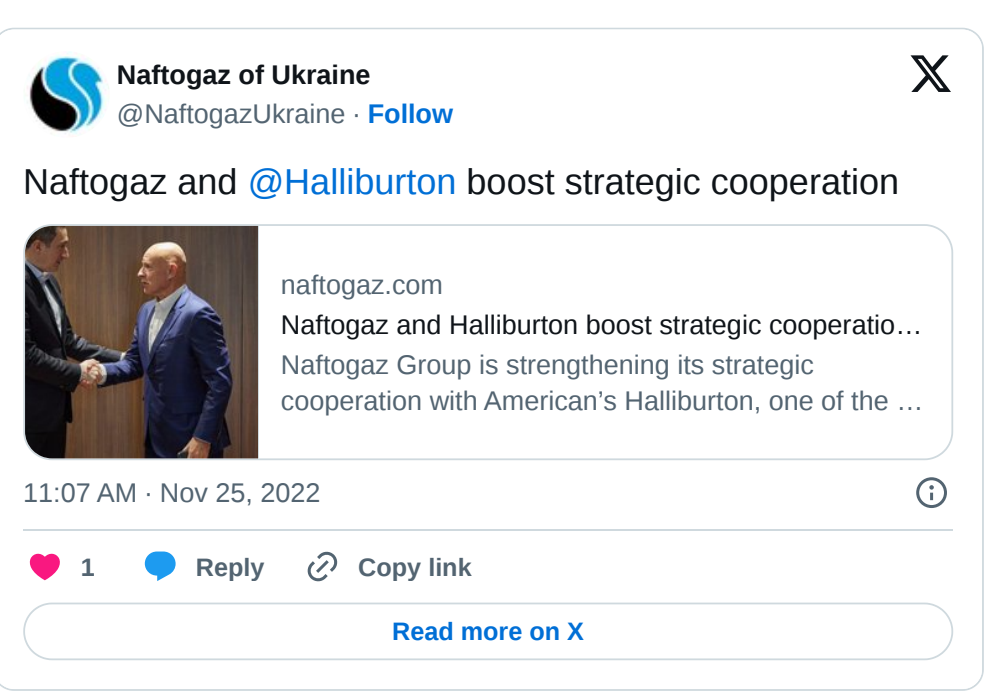
Chernyshov, the CEO of Ukraine's state energy company Naftogaz, told the newspaper, "We want them [Halliburton] to expand [their presence] dramatically. We want them there seriously — boots on the ground".

"We will welcome them", he added. "We can do joint production on gas together, PSA agreement — production sharing agreement — they can have a licence and produce by themselves, we will welcome it".

In November, the president of Halliburton in the eastern hemisphere, Joe Rainey, travelled to Ukraine to meet with Chernyshov.

Naftogaz published a press release on its website boasting that it "is strengthening its strategic cooperation with American's Halliburton, one of the world's largest oilfield services providers, to unlock the new potential of Ukraine's fields".

"Your support and visit to Kyiv is a powerful signal for the entire market and the world", Chernyshov said. "I am grateful to the US government, the American people and you personally for your comprehensive support of Ukraine. We really appreciate it. Our cooperation is extremely important and we are doing our best to improve and expand it".



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Halliburton was a household name in the United States in the 2000s, and was practically synonymous with corruption.

Vice President Dick Cheney, who served under former President George W. Bush, had worked for years as chairman and CEO of Halliburton.

Cheney, a hardline neoconservative, was a key architect of the illegal US invasion of Iraq in 2003. That same year, Halliburton was given what NPR described as a "'sweetheart' deal in Iraq".

NPR wrote:

> **Oil services company Halliburton has come under intense scrutiny over its multi-billion-dollar contracts with the U.S. military in Iraq.** Congressional critics want to know if the company is engaging in **gold-plating contracts — inflating costs and pocketing the difference.** Other critics charge that Halliburton has seemingly become another branch of the U.S. military, while the company's former chief executive officer, Dick Cheney, is now the vice president.
>
> In the first of a three-part series looking at the complex relationship between the defense contractor and the federal government, NPR's John Burnett examines the scope of **contracts in Iraq held by Halliburton subsidiary Kellogg, Brown & Root, better known as KBR.**
>
> **America's war on terrorism has created a windfall for KBR.** Since Sept. 11, 2001, the company has constructed base camps at more than 60 locations throughout the Middle East and South Asia. Under its deal with the Pentagon — known as a "Logcap" contract — KBR is the go-to company to provide troops in Iraq with everything from portable toilets to Internet cafes.

A decade later, the International Business Times reported that Halliburton subsidiary KBR had received more Iraq-related contracts than any other private firm in the 10 years of the war.

The media outlet reported:

> **The company [KBR] was given $39.5 billion in Iraq-related contracts over the past decade, with many of the deals given without any bidding from competing firms,** such as a $568-million contract renewal in 2010 to provide housing, meals, water and bathroom services to soldiers, a deal that led to a Justice Department lawsuit over alleged kickbacks.

Ukraine eyes natural gas deposits off Crimea

The Financial Times reported that the Ukrainian government specifically hopes to drill for offshore natural gas in the Black Sea, off of Crimea. Kiev is unable to access that gas, however.

Crimea was annexed by Russia in 2014, following a referendum with 83% turnout in which 97% of participants said they wanted to join the Russian Federation. Western governments cast doubt on the vote, but polling by mainstream US firm Pew Research found that 91% of Crimeans said the referendum was free and fair and 88% wanted Ukraine to recognize the results.

Despite Crimeans' overwhelming support for integration with Russia, Ukraine and its NATO sponsors have insisted that they will retake the region – not only because of its valuable offshore gas reserves, but also due its deep geostrategic importance for Russia.

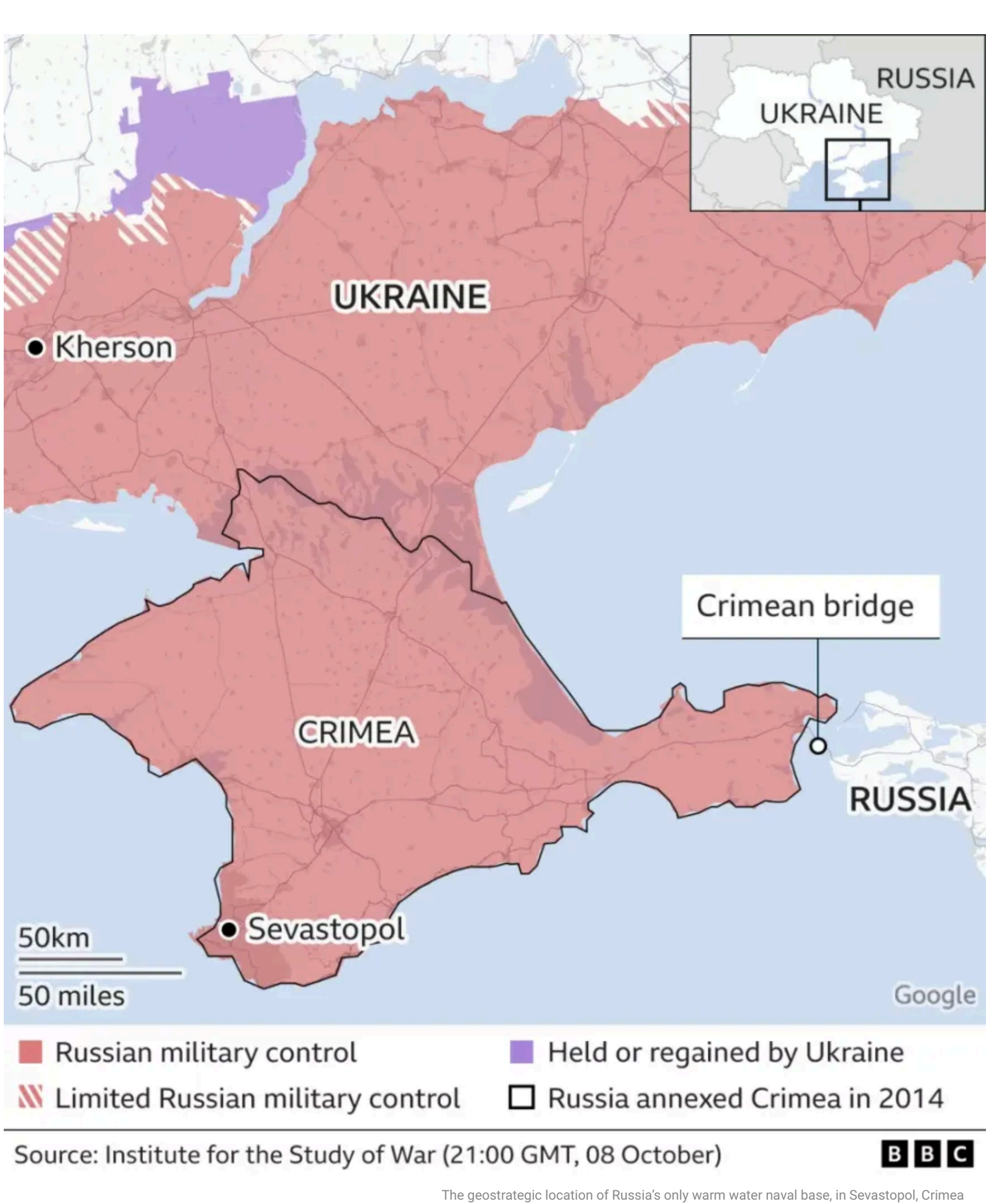
Russia only has one warm water naval base, the Sevastopol base in Crimea. This is the main base used by Russia's Black Sea Fleet – and, without it, the sea would effectively become controlled by NATO.

For Moscow, this is genuinely a security concern, not one motivated by ulterior economic interests.

Even the US military-backed think tank the RAND Corporation conceded this, publishing a report in April 2022 titled "Russia Does Not Seem to Be After Ukraine's Gas Reserves".

RAND wrote:

> Ukraine does indeed control Europe's second-largest known reserves of natural gas, almost 80 percent of which are located east of the Dnipro River. However, **these reserves amount to less than 3 percent of Russia's total natural gas reserves.**
>
> And though Ukraine theoretically might have considerable shale gas reserves, they remain largely unproven, and Russia currently has no experience or technology for shale gas production.



Source: Institute for the Study of War (21:00 GMT, 08 October)

The geostrategic location of Russia's only warm water naval base, in Sevastopol, Crimea

Naftogaz CEO meets with US ambassador involved in 2014 coup

During his trip to Washington this April, Naftogaz CEO Chernyshov not only met with corporate executives; he also sat down with senior government officials, like former US ambassador to Ukraine Geoffrey Pyatt.

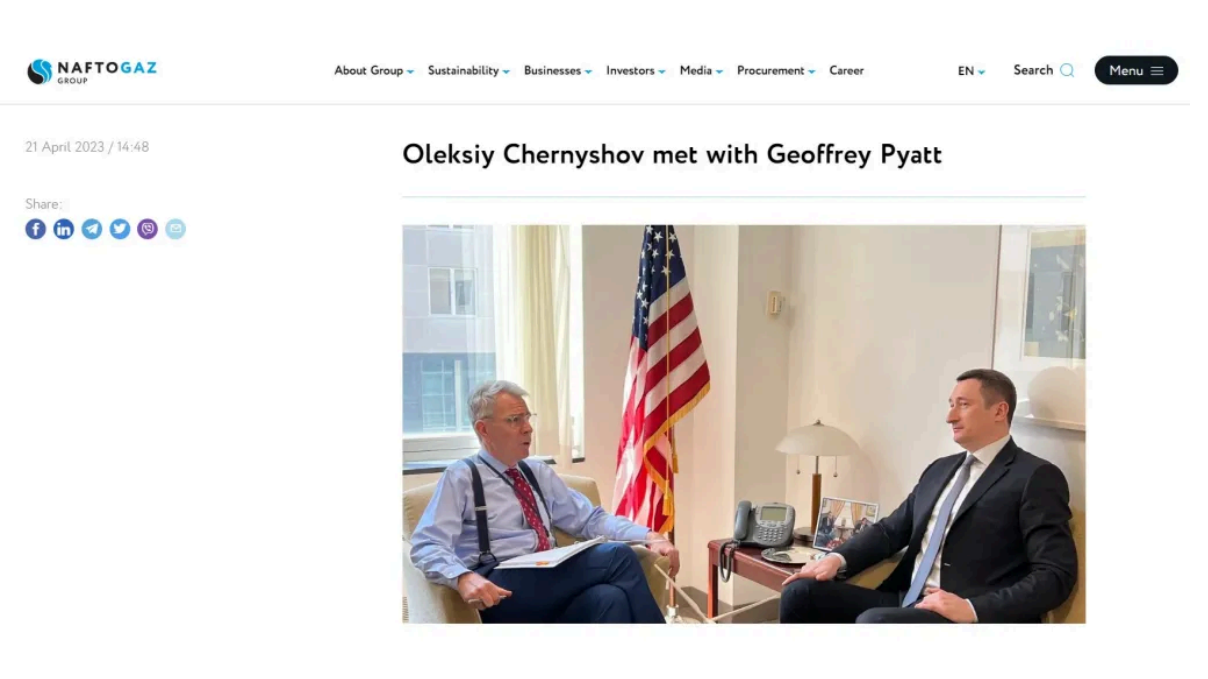
Pyatt represented Washington in Kiev during a violent US-backed coup in 2014, which overthrew Ukraine's democratically elected, geopolitically neutral government and installed a pro-Western regime.

A notorious leaked phone call from top State Department official Victoria Nuland showed US officials deciding who would run the Ukrainian government after the coup. Joining Nuland on the call was none other than Pyatt.

Today, Pyatt serves as US assistant secretary of state for energy resources, and he also coordinates cooperation between the G7 and Ukraine.

In a press release on Chernyshov's meeting with Pyatt, Naftogaz wrote with pride that it "is working to attract American companies – their technologies, expertise and investments – to increase production in Ukraine".

"We discussed a number of issues. From Ukraine's new role in Europe's energy security system to the implementation of corporate governance reform", Chernyshov said.



Oleksiy Chernyshov met with Geoffrey Pyatt

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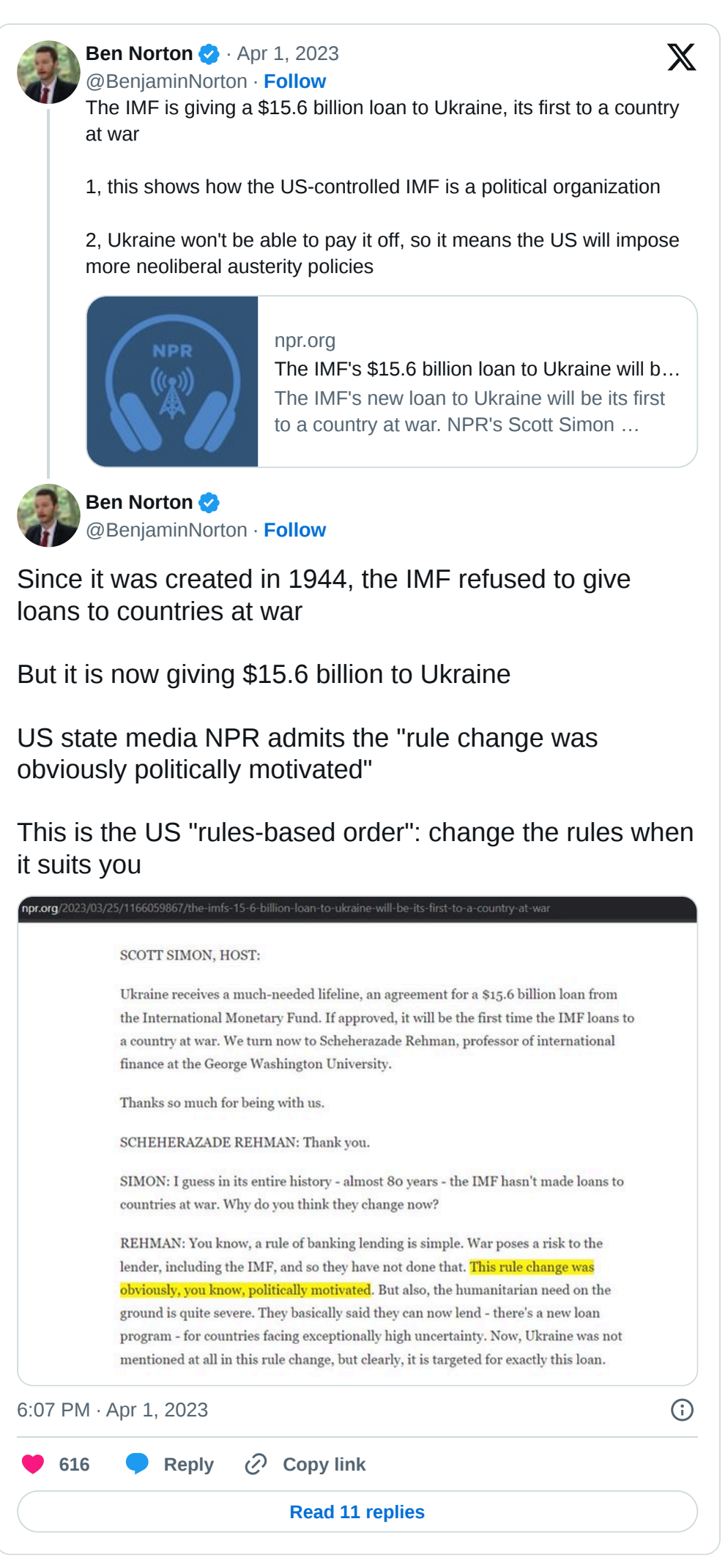
Naftogaz participates in IMF structural adjustment program

On his trip to Washington, Naftogaz CEO Chernyshov also met with representatives from the International Monetary Fund (IMF), the US-dominated financial institution that is infamous for imposing neoliberal economic policies on indebted nations.

This March, the IMF made the unprecedented decision of approving a $15.6 billion loan for Ukraine.

The IMF had never before provided financing to a country that is at war. A reporter at US state media outlet NPR admitted that the IMF had to implement a "rule change", which "was obviously, you know, politically motivated".



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The IMF is giving a $15.6 billion loan to Ukraine, its first to a country at war

1, this shows how the US-controlled IMF is a political organization

2, Ukraine won't be able to pay it off, so it means the US will impose more neoliberal austerity policies

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But it is now giving $15.6 billion to Ukraine

US state media NPR admits the "rule change was obviously politically motivated"

This is the US "rules-based order": change the rules when it suits you

npr.org/2023/03/25/1166059867/the-imfs-15-6-billion-loan-to-ukraine-will-be-its-first-to-a-country-at-war

SCOTT SIMON, HOST:

Ukraine receives a much-needed lifeline, an agreement for a $15.6 billion loan from the International Monetary Fund. If approved, it will be the first time the IMF loans to a country at war. We turn now to Scheherazade Rehman, professor of international finance at the George Washington University.

Thanks so much for being with us.

SCHEHERAZADE REHMAN: Thank you.

SIMON: I guess in its entire history - almost 80 years - the IMF hasn't made loans to countries at war. Why do you think they change now?

REHMAN: You know, a rule of banking lending is simple. War poses a risk to the lender, including the IMF, and so they have not done that. This rule change was obviously, you know, politically motivated. But also, the humanitarian need on the ground is quite severe. They basically said they can now lend - there's a new loan program - for countries facing exceptionally high uncertainty. Now, Ukraine was not mentioned at all in this rule change, but clearly, it is targeted for exactly this loan.

6:07 PM · Apr 1, 2023

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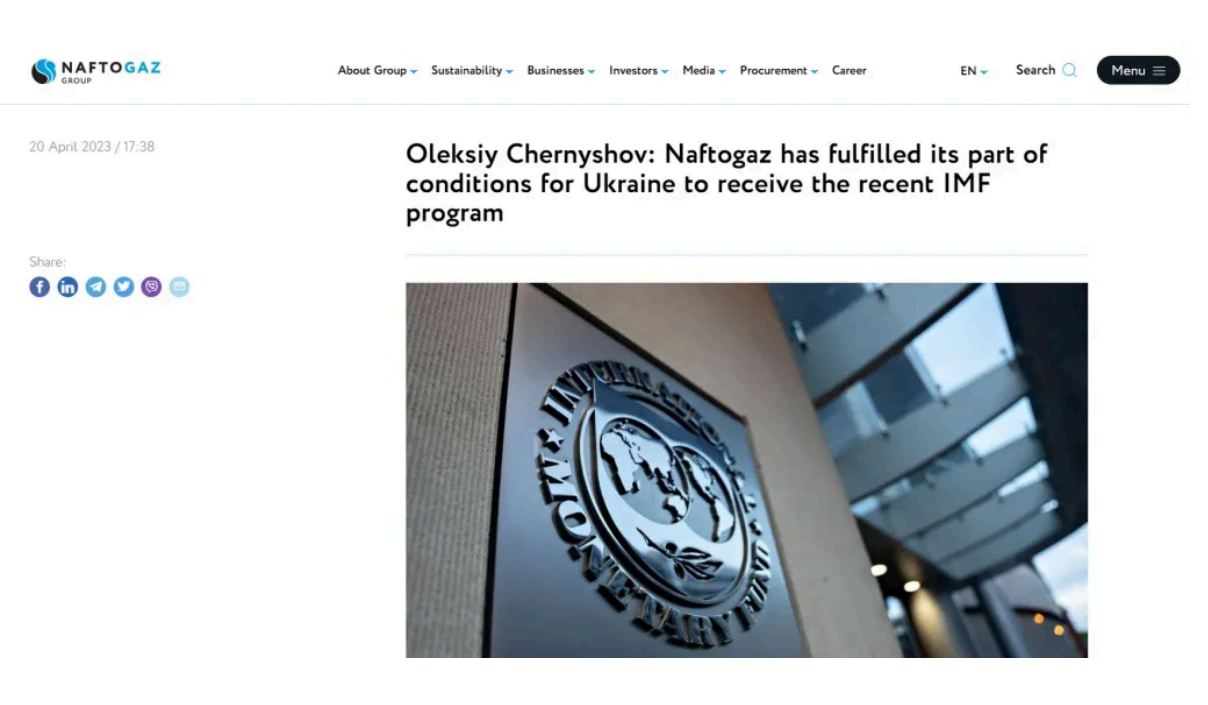
Naftogaz declared in a press release that "successful and consistent cooperation with the IMF is crucial for Ukraine's resilience during the war".

Using racist rhetoric that implied that Russia is "uncivilized", Chernyshov stated:

> Cooperation with the IMF is crucial for the stability of our country in times of war. The fact that we have a program is a **signal to the civilized world** that the country is moving in the right direction. **Ukraine has made its civilizational choice.** Naftogaz has fulfilled its part of the conditions for our country to receive the IMF program. This demonstrates that we are a reliable partner. Naftogaz will not let the country down.



Oleksiy Chernyshov: Naftogaz has fulfilled its part of conditions for Ukraine to receive the recent IMF program

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The Naftogaz statement did not clarify what these "conditions" were, but a February press release from the IMF made it clear that it includes neoliberal reforms.

The IMF reported that its discussions with Ukrainian authorities "covered the medium-term macroeconomic framework, fiscal policy, the financing mix, financial sector policies, and governance".

The IMF's conditions included, "In particular, reform initiatives to enhance productivity and competitiveness of the private sector need to be advanced to help lay the foundation for a robust post-war growth against a backdrop of progress toward EU accession".

Reforms to "enhance productivity and competitiveness of the private sector" is a euphemistic way of saying that Ukraine must further privatize state-owned industries and sell off public assets.

In its statement, the IMF stressed, "The private sector is also expected to contribute to the reconstruction efforts".

The Fund also wrote favorably of "draft tax laws aimed to increase revenues", calling for "shoring up tax revenues" and "creating fiscal space for war-related repairs".

"Efforts to expand issuance in the domestic bond market should continue to help ensure a stable financing mix and eliminate reliance on monetary financing", it added.

In short, the IMF's conditions for Ukraine are a typical reflection of the Washington Consensus: neoliberal austerity measures, which increase the burden on Ukrainian workers, whose living standards are declining and who have fewer and fewer rights, while US corporations are offered profitable opportunities to buy up public assets.

In this article: Chevron, ExxonMobil, Financial Times, gas, Halliburton, IMF, International Monetary Fund, oil, Ukraine, Volodymyr Zelensky

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